

Executive Summary Report

Appraisal Date 1/1/2002 – 2002 Assessment Roll

Specialty Name: Warehouses

Sales - Improved Summary:

Number of Sales: 53

Range of Sale Dates: 1/20/99 – 3/28/2002

Sales – Ratio Study Summary:

	Total	Sale Price	Ratio	COV
2001 Value	\$11,013,300	\$11,995,400	91.8%	13.40%
2002 Value	\$11,476,700	\$11,995,400	95.7%	7.29%
Change	\$463,400		+3.90%	-6.11%
%Change	+4.21%		+4.25%	-45.60%

*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of -6.11% and -45.60% actually represent an improvement.

Sales used in Analysis: All improved sales that are verified as fair market transactions were included in the analysis.

Population - Parcel Summary Data:

	Land	Imps	Total
2001 Value	\$1,011,382,700	\$1,681,245,380	\$2,692,628,080
2002 Value	\$1,044,387,496	\$1,816,417,060	\$2,860,804,556
Percent Change	+3.26%	+8.04%	+6.25%

Number of Improved Parcels in the Population: 378

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2002 Assessment Roll.

Analysis Process

Area Specialty and Responsible Appraiser

Specialty Area – 500-Warehouses

The following Appraiser did the valuation for this specialty:

Name: Janet Collins – Job Title: Commercial Appraiser II

Highest and Best Use Analysis




As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial/industrial use. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

All three approaches to value; market, cost, and income, were considered for this mass appraisal valuation. After the sales verification process, the appraiser concluded that the market participants typically consider an income approach to value.

The following Departmental guidelines were considered and adhered to:

-  Sales from 1/99 to 12/01 (minimum) were considered in all analyses.
-  No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
-  This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6. The commercial appraisers have carefully considered the impact of the national and regional economy on King County's commercial real estate market. The terrorist events of September 11, 2001 as well as changes in the software, high tech and aircraft manufacturing business have been considered. While sales activity over several years has been analyzed, primary consideration was given to current economic conditions including vacancy and lease rates. In some areas, this may have an impact on sales price to assessed value relationships including coefficients of variation and ratios. In all cases, properties were valued uniformly with similar properties.

Identification of the Area

Name or Designation: Specialty Area 500: Warehouses

This report contains data pertinent to the revalue of major warehouse facilities. Specialty Area 500 encompasses all distribution and storage as well as light industrial facilities with gross building areas greater than or equal to 75,000 square feet located in King County. It is divided into neighborhoods 25, 35, 45, 60, 70, and 80.

Boundaries: The properties are located throughout King County.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

The industrial areas of King County have several recognized submarkets; the close-in Seattle area, the Kent Valley, and the Eastside. The increasing scarcity of industrial land is continuing to impact development. This has long been the case for close-in properties that now face redevelopment pressure into retail and residential uses. Outlying properties are facing environmental and political restrictions as development of large facilities continues to spread farther from the familiar core areas outward in all available directions to less costly land.

The following are excerpts from the published findings of local experts in the industrial market.

....MarketScope Puget Sound Region 4th Quarter 2001 Industrial Market by Trammell Crow Company

Despite the gloomy short-term economic prospects for the Puget Sound Region, institutional investor activity remains robust in the industrial sector.

Industrial Forecast – Seattle Region – Year-End 2001 by Insignia Kidder Mathews

Seattle/Close-In: The forecast for the Seattle close-in industrial market for the next six months is for land values to range from \$15/sq. ft in South Park up to \$30/sq. ft closer in. Lease rates are to range from \$0.45 to \$0.60/sq. ft NNN for medium and higher-grade buildings. Building sale prices are predicted to range between \$70 and \$90/sq ft due to the scarcity of industrial space in this area.

South King County: For more than thirty years the Kent Valley appeared to be comprised of an unlimited supply of flat, industrially zoned land. We are now seeing visible market impacts that the land supply is nearly exhausted. Construction of 844,677 SF of new industrial space was completed during 2001, and the vacancy rate increased from 4.71% in January 2001 to 8.10% at year-end 2001.

East King County: Very little new industrial construction has occurred on the Eastside due to a severe shortage of land zoned and priced to allow industrial development. While the East King County industrial market has been very tight over the past few years; the current economic slowdown hit technology firms particularly hard and the amount of vacant industrial space has increased quickly during the second half of 2001.

...Industrial Market Index Brief – 4th Quarter 2001 – CB Richard Ellis

The 4th quarter vacancy, the highest in years, is the result of the late 90's building boom, and a reflection of the economic downturn affecting the local and national economies.

In the face of the bleak economy, the investment side remains strong, particularly in the Kent Valley. Despite the current recession, cap rates are at record lows, making this an opportune time for institutions to acquire industrial property.

Physically Inspected Neighborhood:

Specialty Area 500 Economic Neighborhood 45 is the physically inspected portion of the area for the 2002 revalue representing approximately 26% of the total population. This area includes the Kent Valley (south of South 208th Street). This neighborhood is home to a wide variety of warehouse / industrial properties that fall into the specialty warehouse category. Distribution warehouses predominate, yet manufacturing concerns such as Flow International, Exotic Metals, Hytek Finishes, and John Mansville contribute to the economic landscape. Food service industries also play a role, such as SYSCO Food Services and Oberto. Cold storage warehouses are necessarily a part of these concerns and command higher rents than ordinary warehouses, as do freight terminals (transit warehouses) characterized by long, multi-door loading docks. Both of these types of facilities sell at higher prices per square foot building area than typical warehouses. Major players in this particular area include Boeing Oregon Mesabi Trust, Campbell James Estate, CalWest Industrial Properties, and AMB Properties.

Uninspected Neighborhoods:

Specialty Area 500 Economic Neighborhood 25 includes Tukwila, south Renton, and the northern portion of the Kent Valley (north of South 190th Street). This neighborhood is home to a wide variety of warehouse/industrial properties that fall into the specialty warehouse category. Distribution warehouses predominate, yet manufacturing concerns such as NC Machinery, American Can Corporation, Northwest Bottling, and Western Insulfoam contribute to the economic landscape. Food service industries also play a role, such as Krusteaz Continental Mills, Food Services of America, and K&N Meats. Major players in this particular area include Segale, known as *La Pianta Limited Partnership*, Hill Investment Company, Boeing Oregon Mesabi Trust, Campbell James Estate, Tri-Land Corporation, and CalWest Industrial Properties.

Specialty Area 500 Economic Neighborhood 60, the area south of the Kingdome (Sodo), and along both sides of the Duwamish Waterway makes up the heart of Seattle's historic industrial area. This area contains a mixture of industrial processing facilities, distribution warehouses, and truck terminals. Demand has remained high with the influence of the Port of Seattle, and the new

Mariner's stadium displacing a number of industrial tenants. More spot retail and office uses are expected. Some of the multi-story buildings have been converted into artist's lofts.

Specialty Area 500 Economic Neighborhood 80, the Eastside, includes Bellevue, Issaquah, Kirkland, Redmond, Bothell, Woodinville, and for our purposes, Shoreline. This area has benefited from population growth and high technology companies that snap up space as soon as it becomes available.

Specialty Area 500 Economic Neighborhood 35. Auburn, Pacific, Algona, Enumclaw, Federal Way, Des Moines, SeaTac, and Burien comprise the geographic locations for neighborhood 35. The variety of properties in this neighborhood is similar to that found for Economic Neighborhood 25 described above. There are a large number of industrial parks offering a variety of available space for the particular needs of individual tenants, as well as many stand alone industrial concerns that have been built to individual specifications. Property types run the gamut from incubator space to major cold storage and distribution facilities as development has spiraled through the Kent Valley.

Specialty Area 500 Economic Neighborhood 70 is comprised of those Seattle warehouse properties mainly concentrated in Ballard, along the Ship Canal, and around South Lake Union. Here too, development pressures are growing as high tech and bio-medical startups displace older structures.

Preliminary Ratio Analysis

A preliminary ratio study was completed just prior to the application of the 2002 recommended values. This study benchmarks the current assessment level using 2001 posted values. The study was also repeated after application of the 2002 recommended values. The results are included in the validation section of this report, showing an improvement in the COV from 13.40% to 7.29%.

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty warehouse property is located is responsible for the land value used by the warehouse specialty appraiser. See appropriate area reports.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Improved Parcel Total Values:

Sales comparison approach model description

In Specialty Area 500, Economic Neighborhoods 25, 35, and 45, there were 38 sales of improved properties selling between 1/20/1999 and 3/28/2002, which were used in the sales comparison model for the Kent Valley. These properties ranged in size from a low net rentable building area of 78,195 sq ft to a high of 1,101,404 sq. ft. The sales were divided into three ranges:

Gross Building Area	Number of Sales	Sale Date Range	Sales Price Per SF of NRA Range	Median Sales Price Per SF of NRA
75,000 to 99,999 SF	6	12/14/1999 to 1/21/2002	\$40.33 to \$67.05	\$50.38
100,000 to 199,999 SF	15	1/20/1999 to 12/27/2001	\$42.76 to \$60.88	\$49.11
200,000 SF and Up	17	3/12/1999 to 3/28/2002	\$29.42 to \$58.17	\$46.12

CB Richard Ellis in their Puget Sound Fourth Quarter 2001 Industrial Market Index Brief cites Kent Warehouse Building Values as ranging between \$43 and \$74 / sq. ft. Insignia Kidder Mathews Industrial Group Industrial Forecast and Review Year-End 2001 predicts building sale prices will range from \$50 to \$70/sq ft

In Specialty Area 500, Economic Neighborhoods 60, and 70, there were 8 sales of improved properties selling between 11/17/1999 to 11/21/2001, which were used in the sales comparison model for Seattle Close-In. These properties ranged in size from a low net rentable building area of 93,122 sq. ft to a high of 188,820 sq ft. The sales divided into two ranges:

Gross Building Area	Number of Sales	Sale Date Range	Sales Price Per SF of NRA Range	Median Sales Price Per SF of NRA
75,000 to 99,999 SF	2	9/16/2000 to 11/21/2001	\$51.36 to \$64.43	\$57.90
100,000 to 199,999 SF	6	11/17/1999 to 8/15/2000	\$42.37 to \$91.78	\$62.78

CB Richard Ellis in their Puget Sound Fourth Quarter 2001 Industrial Market Report cites Seattle Close-In Warehouse Building Values as falling between \$60 and \$100 / sf. Insignia Kidder Mathews Industrial Group Industrial Forecast and Review Year-End 2001 predicts building sale prices will range from \$70 to \$90/sf due to scarcity of industrial space in this area.

In Specialty Area 500, Economic Neighborhood 80, there were 7 sales of improved properties selling between 3/02/1999 and 5/25/2001. These properties ranged in size from a low net rentable building area of 60,900 sq. ft to a high of 317,251 sq. ft. The sales divided into two ranges:

Gross Building Area	Number of Sales	Sale Date Range	Sales Price Per SF of NRA Range	Median Sales Price Per SF of NRA
50,000 to 99,999 SF	1	3/02/1999	\$74.71	
100,000 to 199,999 SF	6	12/30/1999 to 5/25/2001	\$40.39 to \$79.81	\$72.16

CB Richard Ellis in their Puget Sound Fourth Quarter 2001 Industrial Market Report cites Eastside Warehouse Building Values as falling between \$80 and \$110 / sq. ft. Insignia Kidder Mathews Industrial Group Industrial Forecast and Review Year-End 2000) also predicts building sale prices will range from \$70 to \$90/sq. ft of building area.

Sales comparison calibration

Only those sales coded as verified “good” were considered in the process of this revalue. There were a total of 53 improved sales, county wide, of which 38 were in the Kent Valley, 8 were in the Seattle Close-In area, and 7 were on the Eastside. These sales were considered on the basis of price per square foot of net rentable area as found in the three property ranges described above, and were used as a general guideline check on the indicated values via the income approach for all respective neighborhoods.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift “black box” cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost is adjusted to the western region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Cost estimates served as value indicators for new construction projects and are also relied upon for special use properties where no income or market data exists.

Cost calibration

The Marshall & Swift cost modeling system built in to the Real Property Application is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach to value was considered for all specialty warehouse properties this revalue. Income Tables were developed for each economic neighborhood in Specialty Area 500 for use in the department’s commercial income capitalization program. They are broken down by neighborhood and the Marshall & Swift occupancy use codes. These tables are appended to the end of this report. The rates for rents, vacancy, expenses and capitalization

were derived from the Assessor's records as well as published sources such as CB Commercial (cited below), Trammel Crow MarketScope, and the Puget Sound Business Journal. All rents are given as triple net, which is the norm for these types of properties. Those parcels that did not fit the income tables, due to excess land or locational influences were treated as exceptions and valued appropriately via one or more of the three approaches to value, Income, Market, or Cost.

According to CB Richard Ellis 4th Quarter 2001 Industrial Market Brief for the Puget Sound Area:

Their survey and analysis indicates that for the Eastside industrial market warehouse shell space rents from \$5.40 to \$7.80 per square foot per year and the office space in these industrial buildings rent from \$12.00 to \$15.60. This survey also reports the direct vacancy rate for the Eastside market is 8.99%. In the Kent Valley, warehouse shell space rental rates are from \$3.36 to \$5.40 per square foot per year and office space in these industrial buildings rent from \$6.00 to \$9.00. Reported direct vacancy in the Kent Valley market is 5.60%. In the Seattle Close-In industrial market, warehouse shell space rents from \$5.40 to \$8.40 per square foot per year and the office space in these buildings rent from \$9.00 to \$15.00. Reported direct vacancy in the Seattle Close-In market is 1.54%.

MarketScope Puget Sound Region by Trammel Crow reports in their 4th Quarter Puget Sound Industrial Market 2001 study the direct vacancy in the Eastside market is 8.16%, in the Kent Valley 10.8% and in the South Seattle market 4.57%

Per PricewaterhouseCoopers - Korpacz Real Estate Investor Survey, 1st Quarter 2002, states that the National Industrial Market, overall capitalization rates range from 8 to 11% with the average being 9.25%. Last year the average was 9.08 % or a change of .17 percent. Colliers International Market Report (Seattle/Kent Valley – 4th Quarter 2001) indicates that with interest rates at historic lows and cap rates hovering in the low 8% range, demand for investment properties is expected to increase.

AREA 500-25,35, AND 45 (Southend)

The typical rental rates per square foot range from \$10.00 to \$12.00 for the warehouse office space and \$3.60 to \$4.32 per square foot for warehouse space. The vacancy and expense rates are constant at 10% for all properties respectively. The market capitalization rates range from 7.5% to 10.00%.

AREA 500-60 and 70 (Seattle Close-In)

The typical rental rates per square foot range from \$12 to \$16.00 for the warehouse office space and \$6.60 to \$7.80 per square foot for warehouse space. The vacancy and expense rates are constant at 10% for all properties respectively. The market capitalization rates range from 7.50% to 10.00%.

AREA 500-80 (Eastside)

The rental rates per square foot range from \$12.00 to \$16.00 for the warehouse office space and \$6.60 to \$7.80 per square foot for warehouse space. The vacancy and expense rates are constant at 10% for all properties respectively. The market capitalization rates range from 8.00% to 10.00%.

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, and construction quality as recorded in the Assessor's records. See the income tables for each neighborhood included in this report. Approximately 13.5% of the overall specialty warehouse population fell outside of the income model. There were various reasons for this, including new construction, excess land, land value unsupported by improvement income stream, or multiple parcels involved in an industrial economic unit requiring land attributable to income adjustments. There may have been other reasons as well. However, for each instance in which the income model was not used, documentation was placed in the notes section of the Real Property Application.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the specialty appraiser for correctness of the model application before final value selection. The appraiser can adjust any or all of the factors used to establish value by the model. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. All parcels, both physically inspected and uninspected were individually valued using the department's Real Property Application and the commercial income capitalization program, or, in most cases of new construction, the Marshall & Swift "black box" cost modeling program.

Final value selects were reviewed by the Senior Appraisers before posting.

**Verified Improved Sales Available to Develop the Valuation Model
Specialty Area 500**

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
500	025	125370	0350	381,361	1844704	\$12,500,000	09/28/01	\$32.78	ASSOCIATED GROCERS	M2	3	2	
500	025	125379	0010	91,752	1783351	\$3,700,000	10/20/00	\$40.33	MODERN MANUFACTURING		1	2	
500	025	125379	0020	79,804	1727271	\$4,350,000	12/14/99	\$54.51	BRADY INTERNATIONAL HARDWOODS	IH	1	2	
500	025	362204	9004	115,400	1826352	\$8,098,000	06/14/01	\$70.17	TOYSMITH	M1	1	2	
500	025	362304	9085	98,770	1839097	\$5,050,000	08/29/01	\$51.13	DISTRIBUTION WAREHOUSE	M2	1	2	
500	025	788880	0360	86,080	1864399	\$4,060,000	01/21/02	\$47.17	DISTRIBUTION WAREHOUSE	M2	1	2	
500	025	883660	0040	78,195	1750697	\$3,880,000	05/01/00	\$49.62	WEST VALLEY COMMERCE CENTER	M1	1	2	
500	025	883660	0060	137,872	1755819	\$6,100,000	05/24/00	\$44.24	WESTERN PAPER	M1	1	2	
500	035	000460	0042	1,101,404	1751264	\$49,590,000	05/04/00	\$45.02	VALLEY CENTRE CORP PARK	M1	3	2	
500	035	000460	0042	1,101,404	1865740	\$54,150,000	01/31/02	\$49.16	VALLEY CENTRE CORPORATE PARK	M1	3	2	
500	035	030151	0050	263,155	1788176	\$11,500,000	11/15/00	\$43.70	WAREHOUSE	M1	1	2	
500	035	030151	0240	187,750	1848606	\$8,200,000	10/24/01	\$43.68	GOODYEAR	M1	1	2	
500	035	030351	0180	126,000	1768408	\$5,500,000	07/26/00	\$43.65	GENERAL AUTOMOTIVE WHSE	M1	1	2	
500	035	042204	9032	79,050	1788179	\$5,300,000	11/15/00	\$67.05	SEATAC 200		1	2	
500	035	232973	0030	124,380	1761384	\$5,679,471	06/20/00	\$45.66	EMERALD CORP. PARK BLDG 'B'	M1	1	2	
500	035	232973	0080	201,170	1875995	\$9,778,531	03/28/02	\$48.61	EMERALD CORPORATE PARK-BLDG C	M1	1	2	
500	035	242104	9019	206,001	1788177	\$9,500,000	11/15/00	\$46.12	WAREHOUSE	M1	1	2	
500	035	242104	9083	108,750	1754783	\$4,650,000	05/24/00	\$42.76	CENTRAL GARDEN & PET SUPPLY	M1	1	2	
500	035	322304	9306	185,600	1755511	\$11,300,000	05/26/00	\$60.88	SEA TAC INDUSTRIAL PARK	I	3	2	
500	035	664960	0030	133,900	1843541	\$7,243,344	09/25/01	\$54.10	DISTRIBUTION WHSE	M1	1	2	
500	045	000620	0026	270,772	1839082	\$12,144,600	08/28/01	\$44.85	WDS II WHSE	M1	1	2	
500	045	000620	0038	128,978	1668996	\$5,850,000	02/24/99	\$45.36	WHSE	M1	1	2	
500	045	012204	9045	960,300	1722170	\$35,457,350	11/17/99	\$36.92	CALWEST INDUSTRIAL PROPERTIES	M2	2	2	
500	045	012204	9045	960,300	1868749	\$28,250,000	02/20/02	\$29.42	VALLEY INDUSTRIAL PARK	M2	2	2	
500	045	012204	9114	363,247	1672550	\$13,431,000	03/12/99	\$36.97	BOEING BLDG 18-235/236/241	MI	1	2	
500	045	022204	9012	276,330	1817722	\$11,000,000	05/07/01	\$39.81	WAREHOUSE/DISTRIBUTION	M1	2	2	
500	045	072205	9024	248,792	1858758	\$13,981,000	12/19/01	\$56.20	KENT EAST CORPORATE PARK	GWC	4	2	
500	045	122204	9013	307,758	1720712	\$16,410,000	10/29/99	\$53.32	O'DONNELL BUSINESS PARK	M1	1	2	
500	045	122204	9060	220,899	1726712	\$11,824,600	12/14/99	\$53.53	MILL CREEK WAREHOUSE #2	M3	2	2	
500	045	122204	9093	343,798	1755510	\$17,129,500	05/26/00	\$49.82	CASCADE COMMERCE PARK	M1	1	2	
500	045	122204	9093	343,798	1821102	\$20,000,000	06/01/01	\$58.17	KENT VALLEY BUSINESS CENTER	M1	1	2	
500	045	122204	9113	124,972	1748027	\$6,480,000	04/20/00	\$51.85	GENERAL ELECTRIC WHSE	M1	1	2	
500	045	132204	9205	152,420	1726711	\$7,485,250	12/14/99	\$49.11	WEST VY BUSINESS CENTER	M1	1	2	
500	045	132204	9218	101,200	1663028	\$7,162,152	01/20/99	\$70.77	ROBBINS CO	M3	1	2	
500	045	261100	0020	132,125	1722171	\$6,315,000	11/17/99	\$47.80	VALLEY FREEWAY BLDG	M-2	1	2	
500	045	619540	0070	117,620	1826356	\$5,796,100	06/15/01	\$49.28	VAN DOREN'S LANDING #3	MI	1	2	
500	045	775780	0180	508,628	1858764	\$27,019,000	12/19/01	\$53.12	KENT EAST CORP PARK	M2	1	2	
500	045	775980	0150	170,000	1859592	\$9,450,000	12/27/01	\$55.59	MILL CREEK DISTRIBUTION CENTER I	M3	1	2	

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
500	060	000160	0050	188,820	1746241	\$8,000,000	03/31/00	\$42.37	DUWAMISH MANOR INDUSTRIAL PARK	MH	1	2	
500	060	032304	9026	93,453	1777264	\$4,800,000	09/16/00	\$51.36	LINDAL CORPORATE PARK	LI	1	2	
500	060	032304	9194	123,000	1770669	\$8,300,000	08/15/00	\$67.48	FORMER SEATTLE PACKAGING WHSE	IG2U/65	2	2	
500	060	182404	9020	113,780	1769386	\$5,575,000	08/08/00	\$49.00	SEAFIRST CENTRAL SVC BLDG	IG2U/85	2	2	
500	060	182404	9060	176,031	1731441	\$11,500,400	01/11/00	\$65.33	CITY COMMERCE PARK	IG1U/85	1	2	
500	060	273810	0610	140,279	1722169	\$12,874,500	11/17/99	\$91.78	NW CORPORATE PARK	IG2U/85	1	2	
500	060	357320	0005	105,033	1769006	\$6,325,000	08/02/00	\$60.22	BARTELL DRUGS	IG1U/85	1	2	
500	060	766620	5408	93,122	1853111	\$6,000,000	11/21/01	\$64.43	HUKKUN TRANSFER BUILDING	IG1U/85	1	2	
500	080	067210	0005	60,900	1670765	\$4,550,000	03/02/99	\$74.71	WHSE	GC	1	2	
500	080	092605	9035	166,968	1736386	\$11,950,400	02/16/00	\$71.57	DISTRIBUTION WAREHOUSES	I	3	2	
500	080	152605	9008	317,251	1730061	\$24,700,000	12/30/99	\$77.86	WOODINVILLE CORPORATE CENTER	I	2	2	
500	080	152605	9017	239,325	1735861	\$19,100,000	02/11/00	\$79.81	DISTRIBUTION WAREHOUSES	I	2	2	
500	080	152605	9088	151,495	1794022	\$8,025,000	12/26/00	\$52.97	WESTERN CABINET & MILLWORK	I	1	2	
500	080	866335	0100	164,954	1774485	\$12,000,000	08/29/00	\$72.75	TOTEM LAKE DISTRIBUTION CENTER	LI	1	2	
500	080	152605	9006	166,874	1819826	\$6,740,000	05/25/01	\$40.39	MAE KIE DESIGNS	I	1	2	

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are all within IAAO guidelines and are presented both in the Executive Summary and in the 2001 and 2002 Ratio Analysis charts included in this report.

The 2002 Ratio Study Analysis indicates that the standard statistical measure of valuation level at a Weighted Mean Ratio of 0.957 is well above the 0.90 IAAO lower limit guideline and a substantial improvement from the Preliminary Ratio Study Analysis Weighted Mean Ratio of 0.918. The maximum IAAO limit for the COD for income properties (city) is 15%, and, after value selection, the COD improved from 8.97% to 5.03%. The measures for uniformity and equity all show substantial improvement. The COV improved from 13.40% to 7.29%. The price-related differential (PRD) is recommended by the IAAO as a statistical measure of vertical inequity (these exist when assessment levels vary systematically with value levels). PRDs ranging from 0.98 to 1.03 are considered to demonstrate acceptable vertical equity. The PRD improved from .099 to 1.00.

The Appraisal Specialist recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

Application of these recommended values for the 2002 assessment year (taxes payable in 2003) results in an average total change from the 2001 assessments of +6.25%. The 2001 assessed values total \$2,692,628,080 whereas the 2002 recommended values total \$2,860,804,556. This increase is due partly to upward market changes over time and the previous assessment levels.

2001 Improved Parcel Ratio Analysis

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																
South Crew	1/1/2001	8/12/2002	1/1/99 - 07/31/02																
Area	Appr ID:	Prop Type:	Trend used?: Y / N																
500	JCOL	Improvement	N																
SAMPLE STATISTICS																			
Sample size (n)	53	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.7</td><td>4</td></tr><tr><td>0.8</td><td>7</td></tr><tr><td>0.9</td><td>5</td></tr><tr><td>1.0</td><td>31</td></tr><tr><td>1.1</td><td>5</td></tr><tr><td>1.2</td><td>1</td></tr><tr><td>1.3</td><td>1</td></tr></tbody></table>		Ratio	Frequency	0.7	4	0.8	7	0.9	5	1.0	31	1.1	5	1.2	1	1.3	1
Ratio	Frequency																		
0.7	4																		
0.8	7																		
0.9	5																		
1.0	31																		
1.1	5																		
1.2	1																		
1.3	1																		
Mean Assessed Value	11,013,300																		
Mean Sales Price	11,995,400																		
Standard Deviation AV	9,962,100																		
Standard Deviation SP	10,399,213																		
ASSESSMENT LEVEL																			
Arithmetic mean ratio	0.906																		
Median Ratio	0.939																		
Weighted Mean Ratio	0.918																		
UNIFORMITY																			
Lowest ratio	0.6326																		
Highest ratio:	1.2793																		
Coefficient of Dispersion	8.97%																		
Standard Deviation	0.1214																		
Coefficient of Variation	13.40%																		
Price-related Differential	0.99																		
RELIABILITY																			
95% Confidence: Median																			
Lower limit	0.909																		
Upper limit	0.960																		
95% Confidence: Mean																			
Lower limit	0.874																		
Upper limit	0.939																		
SAMPLE SIZE EVALUATION																			
N (population size)	377																		
B (acceptable error - in decimal)	0.05																		
S (estimated from this sample)	0.1214																		
Recommended minimum:	22																		
Actual sample size:	53																		
Conclusion:	OK																		
NORMALITY																			
Binomial Test																			
# ratios below mean:	17																		
# ratios above mean:	36																		
z:	2.472490151																		
Conclusion:	Non-normal																		
*i.e., no evidence of non-normality																			

2002 Improved Parcel Ratio Analysis

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:												
South Crew	1/1/2002	8/12/2002	1/20/99 - 03/28/02												
Area	Appr ID:	Prop Type:	Trend used?: Y / N												
500	JCOL	Improvement	N												
SAMPLE STATISTICS															
Sample size (n)	53	<div><div>Ratio Frequency</div><table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.8-0.9</td><td>2</td></tr><tr><td>0.9-1.0</td><td>7</td></tr><tr><td>1.0-1.1</td><td>32</td></tr><tr><td>1.1-1.2</td><td>11</td></tr><tr><td>1.2-1.3</td><td>1</td></tr></tbody></table></div>		Ratio	Frequency	0.8-0.9	2	0.9-1.0	7	1.0-1.1	32	1.1-1.2	11	1.2-1.3	1
Ratio	Frequency														
0.8-0.9	2														
0.9-1.0	7														
1.0-1.1	32														
1.1-1.2	11														
1.2-1.3	1														
Mean Assessed Value	11,476,700														
Mean Sales Price	11,995,400														
Standard Deviation AV	10,094,852														
Standard Deviation SP	10,399,213														
ASSESSMENT LEVEL															
Arithmetic mean ratio	0.957														
Median Ratio	0.969														
Weighted Mean Ratio	0.957														
UNIFORMITY															
Lowest ratio	0.7283														
Highest ratio:	1.1307														
Coefficient of Dispersion	5.03%														
Standard Deviation	0.0697														
Coefficient of Variation	7.29%														
Price-related Differential	1.00														
RELIABILITY															
95% Confidence: Median		<div>These figures reflect the recommended 2002 assessed values compared to the listed sales.</div>													
Lower limit	0.944														
Upper limit	0.980														
95% Confidence: Mean															
Lower limit	0.938														
Upper limit	0.975														
SAMPLE SIZE EVALUATION															
N (population size)	377														
B (acceptable error - in decimal)	0.05														
S (estimated from this sample)	0.0697														
Recommended minimum:	8														
Actual sample size:	53														
Conclusion:	OK														
NORMALITY															
Binomial Test															
# ratios below mean:	23														
# ratios above mean:	30														
z:	0.824163384														
Conclusion:	Normal*														
*i.e., no evidence of non-normality															

USPAP Compliance

Client and Intended Use of the Appraisal:

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **summary mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly

located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions , encumbrances, leases, reservations , covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.

EMORANDUM

DATE: January 31, 2002

TO: Commercial Appraisers

FROM: Scott Noble, Assessor

SUBJECT: 2002 Revaluation for 2003 Tax Roll

The King County Assessor, as elected representative of the people of King County, is your client for the mass appraisal and summary report. The King County Department of Assessments subscribes to the Uniform Standards of Professional Appraisal Practice 2002. You will perform your appraisals and complete your summary mass appraisal reports in compliance with USPAP 2002. The following are your appraisal instructions and conditions:

1. You are to timely appraise the area or properties assigned to you by the revalue plan. The Departure Provision of USPAP may be invoked as necessary including special limiting conditions to complete the Revalue Plan.
2. You are to use all appropriate mass appraisal techniques as stated in USPAP, Washington State Law; Washington State Administrative Code, IAAO texts or classes.
3. The standard for validation models is the standard as delineated by IAAO in their Standard on Ratio Studies (approved 2001); and
4. Any and all other standards as published by the IAAO.
5. Appraise land as if vacant and available for development to its highest and best use [USPAP SR 6-2(i)]. The improvements are to be valued at their contribution to the total.
6. You must complete the revalue in compliance with all Washington and King County laws, codes and with due consideration of Department of Revenue guidelines. The Jurisdictional Exception is to be invoked in case USPAP does not agree with these public policies.
7. Physical inspections should be completed per the revaluation plan and statistical updates completed on the remainder of the properties as appropriate.
8. You must complete a written, summary, mass appraisal report for each area and a statistical update report in compliance with USPAP Standard 6.
9. All sales of land and improved properties should be validated as correct and verified with participants as necessary.
10. You must use at least two years of sales. No adjustments to sales prices shall be

made to avoid any possibility of speculative market conditions skewing the basis for taxation.

11. Continue to review dollar per square foot as a check and balance to assessment value.
12. The intended use of the appraisal and report is the administration of ad valorem property taxation.
13. The intended users include the Assessor, Board of Equalization, Board of Tax Appeals, King County Prosecutor and Department of Revenue.

SN:swr